

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**AMENDED APPLICATION OF APACHE
CORPORATION FOR COMPULSORY POOLING
AND APPROVAL OF A HORIZONTAL SPACING
UNIT AND POTASH DEVELOPMENT AREA,
EDDY COUNTY, NEW MEXICO**

CASE NO. 20202

APPLICATION

Apache Corp. ("Apache"), OGRID Number 372098, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) to the extent necessary, approving the creation of a horizontal spacing unit and a potash area development area; and (2) pooling all uncommitted mineral interests within a horizontal spacing unit underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30 of Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. In support of this application, Apache states as follows:

1. In companion Case Nos. 16481 and 16482 Ascent Energy, LLC seeks an order pooling all mineral interests in the Wolfcamp and Bone Spring formations to create two horizontal spacing units in the W/2W/2 of Section 28 and the W/2W/2 of Section 33, Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, for its proposed Anvil wells. The wells are in the Designated Potash Area of Eddy County, New Mexico.

2. Ascent's proposed spacing units for its Anvil wells conflict with Apache's proposed Taco Development Plan in the Potash Area where Apache proposed to drill the following wells to test the Wolfcamp formation:

Well Name	Legal Description
Taco 28-30 Fed Com #401H	SHL: 2196' FNL, 345' FEL in Sec. 28-20S-30E; BHL: 2210' FNL, 2590' FEL in Sec. 30-20S-30E S/2N/2 of Sec. 28, 29 and S/2NE/4 of 30-20S-30E
Taco 28-30 Fed Com #402H	SHL: 1395' FNL, 271' FEL in Sec. 28-20S-30E; BHL: 1370' FNL, 2590' FEL in Sec. 30-20S-30E N/2N/2 of Sec. 28, 29 and N/2NE of 30-20S-30E
Taco 28-30 Fed Com #403H	SHL: 876' FNL, 269' FEL in Sec. 28-20S-30E; BHL: 430' FNL, 2590' FEL in Sec. 30-20S-30E N/2N/2 of Sec. 28, 29 and N/2NE of 30-20S-30E

Apache seeks to dedicate the N/2 of Sections 28 and 29 and the NE/4 of Section 30 to create a standard 800-acre horizontal spacing unit, more or less, and an order from the Division approving the compulsory pooling of interests to create the referenced spacing unit.

3. Apache is in an interest owner in the proposed horizontal spacing unit and has a right to drill a well thereon.

4. Apache proposes to drill the **Taco 28-30 Fed Com 402H** as the initial well to a depth sufficient to test the 3rd Wolfcamp sand and drill the subsequent Wolfcamp wells to fully develop the proposed horizontal spacing unit.

5. Apache is seeking but has been unable to obtain a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed horizontal spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.

6. Approval of Apache's Taco 28-30 Development Area and horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed spacing unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Apache Energy Co. requests this application be set for hearing with Ascent Case Nos. 16481 and 16482 and Apache's Case No. to be assigned by the Division for its

Bone Spring Taco Development Area horizontal project before an Examiner of the Oil Conservation Division on January 10, 2019 or a special docket date agreed to by the parties, and after notice and hearing as required by law, the Division enter its order:

- A. Denying Ascent's applications in Case Nos. 16481 and 16482.
- B. To the extent necessary, approving Apache's Taco Development Area and the creation of the proposed spacing unit for the proposed wells within the development area.
- C. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying the proposed spacing unit for the wells;
- D. Designating Apache as operator of the spacing unit and the wells to be drilled thereon;
- E. Authorizing Apache to recover its costs of drilling, equipping and completing the wells;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in a well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CASE NO. _____: Application of Apache Corp. for Compulsory Pooling and Approval of a Horizontal Spacing Unit and Potash Area Development Area, Eddy County, New Mexico. Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 800-acre horizontal spacing unit and a potash area development area; and (2) pooling all uncommitted mineral interests within a horizontal spacing unit underlying the N/2 of Sections 28 and 29 and the NE/4 of Section 30 of Township 20 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This Development Area will be the horizontal spacing unit for the **Taco 28-30 Federal Com 401H, Taco 28-30 Federal Com 402H, and Taco 28-30 Federal Com 403H** wells, to be horizontally drilled. Also to be considered will be the cost of drilling and completing said wells, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Apache as operator of the wells, and a 200% charge for risk involved in drilling the wells. Said area is located in the Potash Area approximately 21 miles northeast of Carlsbad, New Mexico.